

# Payment Systems Review January – March, 2014

3<sup>rd</sup> Quarter FY14



**TABLE OF CONTENTS**

**EXECUTIVE SUMMARY ..... 4**

**1. LARGE VALUE PAYMENT SYSTEMS..... 5**

**2. RETAIL PAYMENT SYSTEMS ..... 5**

    2.1 REAL TIME ONLINE BRANCHES (RTOB).....6

    2.2 ATMS.....6

    2.3 INTERNET BANKING .....7

    2.4 POINT OF SALE (POS).....7

    2.5 MOBILE PHONE BANKING .....8

    2.6 CALL CENTER/INTERACTIVE VOICE RESPONSE (IVR) BANKING.....8

    2.7 PLASTIC CARDS COMPOSITION.....9

**PAYMENT SYSTEMS IN PAKISTAN AT A GLANCE.....10**

**Disclaimer**

The figures and statistical analysis are based on the data reported by the banking industry. Although great care has been taken to ensure the publication of authentic information, State Bank of Pakistan does not take the responsibility for errors and omissions in the statistics. There may be minor differences due to rounding. The data for the quarter under consideration is provisional.

For queries comments and your feedback on this publication, please contact us at [psd-data@sbp.org.pk](mailto:psd-data@sbp.org.pk) or at 021-32453434. Please also include your contact details in your email

### **Executive Summary**

This report aims to review recent developments in the area of large and retail payment systems in Pakistan during January to March quarter of FY14. In this quarter, Pakistan Real-time Interbank Settlement Mechanism (PRISM) - The Large Value Payment System of the country, processed 156,159 payments worth over Rs. 38.8 trillion. This showed an increase of 10.2% both in Volume and Value respectively compared with that in the previous quarter.

During the quarter under review, 393 ATMs have been added in the network bringing the total number of ATMs to 8,077. As on 31<sup>st</sup> March 2014, for every 100,000 people, there are 4.4 ATMs in the country. The number of ATM transactions during the third quarter of FY14 reached over 65.3 million and Rs.674.5 billion were transacted using this channel.

The number of online branches reached to 10,601 which accounts for around 95% of the total bank branches in the country. Around 24.5 million transactions amounting to Rs.7.4 trillion were executed through this channel during the third quarter of FY14.

The number of Plastic cards (*Debit, Credit and ATM Only Cards*) has reached to 24.3 million showing an increase of 8.6% compared with that in the previous quarter. However, the number of credit cards showed a decline of 0.2% compared with that in the previous quarter. As on 31<sup>st</sup> March 2014, there are around 18.3 Point of Sale (POS) machines for every 100,000 people in the country.

Number of Mobile Phone Banking transactions has grown by 14.1% and the Value transacted increased by 13.3% compared with that in the previous quarter. At present, there are around 1.5 million registered users of Mobile Phone Banking in the country.

## **1. Large Value Payment Systems**

Pakistan Real-time Interbank Settlement Mechanism (PRISM), a Large Value Payment System, has shown a mixed trend of transactions settlement over the last five quarters.

During the current quarter, total transactions settled in PRISM showed an increase of 10.2% both in Volume and Value of transactions compared with that in the previous quarter and an increase of 28.7% in volume and a decline of 1.6% in value of transactions compared with that in the same quarter of the previous year.

Among the total value of transactions settled through PRISM, 42.1% (Rs. 16.3 trillion) composed of Interbank Settlements, 7.5% (Rs. 2.9 trillion) amount pertains to Retail Cheques Clearing settlement by the clearing house and settlement of interbank government securities trade is 50.5% (Rs. 19.6 trillion). Similarly, the composition of number of transactions for Interbank Fund Transfers is 129,796 (83.1%), for Retail Cheques Clearings 11,249 (7.2%) and for Securities Settlements 15,114 (9.7%).

In terms of composition of PRISM transactions, the share of Interbank Funds Transfer (IBFT) decreased by 0.6% in Volume and 2.6 % in Value compared with that in the previous quarter. The share of Securities Settlement increased by 1.2% in Volume and 4 % in Value whereas the share of Retail Cheques Clearing decreased by 0.6% in Volume and 1.4% in Value as compared with that in the previous quarter. Moreover, banks' customers and corporates may use RTGS for realtime fund transfer for amounts above Rs. 100,000 and Rs. one million at nominal charges.

## **2. Retail Payment Systems**

The retail payment system in Pakistan is supported by payments made through branch network or through e-banking channels i.e. ATMs, POS, Internet Banking, Mobile Phone Banking and Call Centers/IVR.

## Retail Payment Systems –Transactions

(Number in Thousands and Amount in Millions)

Channels	Q3 FY13		Q2 FY14		Q3 FY14	
	No.	Amount	No.	Amount	No.	Amount
<b>Paper based instruments</b>	86,768	25,593,282	93,046	28,122,649	86,594	27,517,021
<b>ATM</b>	51,607	474,890	61,671	635,370	65,301	674,501
<b>Points of Sale</b>	5,365	27,006	5,708	29,211	6,150	32,258
<b>Real Time online Banking</b>	22,853	7,227,855	24,540	7,480,974	24,489	7,428,764
<b>Mobile Phone Banking</b>	1,117	7,349	1,470	15,223	1,678	17,240
<b>Call Centre (IVR) Banking</b>	158	1,955	167	2,290	165	2,385
<b>Internet Banking</b>	2,426	126,304	3,926	161,332	4,542	172,677
<b>Total:-</b>	<b>170,294</b>	<b>33,458,64</b>	<b>190,52</b>	<b>36,447,04</b>	<b>188,91</b>	<b>35,844,846</b>

**2.1 Real Time Online Branches (RTOB)**

Out of the existing 11,153 total bank branches, 10,601 branches are providing Real Time Online Banking services. During the current quarter, total RTOB transactions constituted a volume share of 23.9% and a value share of 89.2% in total e-Banking transactions.

Moreover, total transactions carried through RTOB showed an insignificant decrease of 0.2% in Volume and 0.7% in Value of transactions compared with that in the previous quarter and an increase of 7.2% in volume and 2.8% in value of transactions compared with that in the same quarter of the previous year.

In terms of composition of RTOBs transactions during the current quarter, the share of cash withdrawals is 21.1% in volume and 6.7% in value of transactions, the share of Interbank Funds Transfer (IBFT) is 42.0% in volume and 83.9% in value of transactions and residual share of transactions pertain to cash deposits.

**2.2 ATMs**

During the current quarter, 393 ATMs have been added in the network (*growth rate of 5.1% compared with that in the previous quarter*) bringing the total number of ATMs to 8,077. ATMs remained the preferred channel for cash withdrawals accounting for 81.2% of the total amount

transacted via this mode. Total ATMs transactions constituted a volume share of 63.8% and a value share of 8.1% in total e-Banking transactions.

Moreover, total transactions carried through ATMs showed an increase of 5.9% in Volume and 6.2% in Value of transactions compared with that in the previous quarter and an increase of 26.5% in volume and 42.0% in value of transactions compared with that in the same quarter of the previous year.

In terms of composition of ATMs transactions during the current quarter, the share of cash withdrawals is 96.0% in volume and 81.2% in value of transactions, the share of Interbank Funds Transfer (IBFT) is 3.7% in volume and 18.7% in value of transactions and residual share of transactions pertain to utility bills payment, cash deposit and payment instruments deposits.

### **2.3 Internet Banking**

As of 31<sup>st</sup> March 2014, twenty four (24) banks are offering Internet Banking services. During the quarter under review, 4.5 million transactions amounting to around Rs.173 billion have been transacted by 1.43 million registered internet banking users that constituted a volume share of 4.4% and a value share of 2.1% in total e-Banking transactions.

Moreover, total transactions carried through Internet Banking showed an increase of 15.7% in Volume and 7.0% in Value of transactions compared with that in the previous quarter and an increase of 87.2% in volume and 36.7% in value of transactions compared with that in the same quarter of the previous year.

In terms of composition of Internet Banking transactions during the current quarter, the share of Interbank Funds Transfer (IBFT) is 71.7% in volume and 55.5% in value of transactions; the share of utility bills payments is 16.8% in volume and 1.3% in value of transactions and residual share of transactions pertain to funds transfers to merchants etc.

### **2.4 Point of Sale (POS)**

During the current quarter, 68 POS machines have been added in the network bringing the total number of POS machines to 33,802. Moreover, both the Volume and Value of transactions through this channel increased by 7.7% and 10.4% respectively compared with that in the previous quarter and increased by around 14.6% and 19.4% respectively compared with that in the same quarter of previous year.

## **2.5 Mobile Phone Banking**

As on 31<sup>st</sup> March 2014, thirteen (13) banks are using this channel to provide financial services to over 1.5 million registered Mobile Phone users availing Mobile Banking services. Mobile Phone Banking transactions have shown an upward trend.

During the quarter under review, 1.7 million transactions amounting to around Rs.17.2 billion have been transacted by 1.46 million registered Mobile Phone Banking users that constituted a Volume share of 1.6% and value share 0.2% in total e-Banking transactions.

Moreover, total transactions carried through Mobile Phone Banking showed an increase of 14.1% in Volume and 13.3% in Value of transactions compared with that in the previous quarter and an increase of 50.2% in volume and 134.6% in value of transactions compared with that in the same quarter of the previous year.

In terms of composition of Mobile Phone Banking transactions during the current quarter, the share of Interbank Funds Transfer (IBFT) is 23.4% in volume and 91.6% in value of transactions; the share of utility bills payments is 71.7% in volume and 6.8% in value of transactions and residual share of transactions pertain to funds transfers to merchants etc.

## **2.6 Call Center/Interactive Voice Response (IVR) Banking**

As on 31<sup>st</sup> March 2014, twenty two (22) banks are offering Call Center/IVR Banking facility to the customers for Bill Payments and Account to Account Fund Transfers.

During the quarter under review, 0.2 million number of transactions amounting to around Rs.2.4 billion have been transacted by 13.1 million registered Call Center/IVR Banking users that constituted a Volume share of 0.2% and value share 0.03% in total e-Banking transactions.

Moreover, total transactions carried through Call Center/IVR Banking showed a decline of 1% in Volume and an increase of 4.1% in Value of transactions compared with that in the previous quarter and an increase of 4.6% in volume and 22.0% in value of transactions compared with that in the same quarter of the previous year.

In terms of composition of Call Center/IVR Banking transactions during the current quarter, the share of Interbank Funds Transfer (IBFT) is 19.9% in volume and 59.5% in value of transactions; the share of utility bills payments is 46.0% in volume and 12.1% in value of transactions and residual share of transactions pertain to funds transfers to merchants etc.



## **2.7 Plastic Cards Composition**

In the composition of plastic cards, debit cards have the highest percentage share of over 90.6% followed by credit cards with 5.5% and ATMs Only cards with 3.9% share as of quarter ended 31<sup>st</sup> March, 2014. The total number of Plastic Cards showed an increase of 8.6 % compared with that in the previous quarter and a growth of 11.7% compared with that in the same quarter of the previous year.

**Payment Systems in Pakistan at a Glance**  
Brief Synopsis as on 31<sup>st</sup> March, 2014

Sr. No.	Description	Number
	<b>Financial Institutions</b>	
1	Number of Commercial Banks	38
2	Number of Microfinance Banks	10
3	Number of Development Financial Institutions	8
	<b>Banks' Categorization</b>	
4	Number of Public Sector Banks	5
5	Number of Local Private Banks	22
6	Number of Foreign Banks	7
7	Number of Specialized Banks	4
8	Number of PRISM's Direct Participants	45
	<b>Infrastructure</b>	
9	Number of Online Branches	10,601
10	Number of Manual Branches	552
11	Number of ATMs	8,077
12	Number of Interoperable Switches	2
13	Number of Banks Managing POS	6
14	Number of Point of Sale (POS) Machines	33,802
	<b>Banks' Services</b>	
15	Number of Banks Providing Internet Banking	24
16	Number of Banks Providing Mobile Banking	13
17	Number of Banks Providing Call Center Banking	22
18	Number of Banks issuing Credit Cards	12
19	Number of Banks issuing Debit Cards	25
20	Number of Banks issuing Prepaid Cards	7
21	Number of Banks having ATMs	30
	<b>Per 100,000 Statistics*</b>	
22	Number of online Branches per 100,000 Population	5.8
23	Number of ATMs per 100,000 Population	4.4
24	Number of POS per 100,000 Population	18.3

\* Population value equal to 184.35 million taken from SBP Annual Report FY13.